

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7611**

**BILL NUMBER:** SB 361

**DATE PREPARED:** Apr 11, 2001

**BILL AMENDED:** Apr 10, 2001

**SUBJECT:** State Contract Approvals.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill repeals the requirement that the Governor or the Governor's designee approve state contracts for the acquisition of real property. The bill provides that the Director of the Budget Agency is not required to approve a contract for public works if the estimated cost of the contract is less than \$100,000.

The bill establishes the Governor's Commission on Minority and Women's Business Enterprises. It sets forth the membership of the Commission. The bill makes conforming amendments.

The bill prohibits the State Department of Administration from contracting on behalf of the Department of Correction with a contractor that is delinquent in payments to a subcontractor.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) *State Contract Approval:* This proposal removes the state agency heads and the Governor as signatories to state contracts. The bill also provides that the Director of the State Budget Agency is not required to approve a contract for certain public works projects if the contract is estimated to cost less than \$100,000. (Under current law, the threshold is \$25,000.) The elimination of these signatories would reduce the amount of time it takes for contracts to be approved, potentially making the contracting process more efficient.

*Governor's Commission on Minority and Women's Business Enterprises:* The Department of Administration's administrative cost could increase if studies reveal the contracting goals have not been met. Any increase in these costs is expected to be covered using existing staff and resources.

The bill may also increase the administrative costs of the State Lottery Commission in so far as they will be required to set goals and assess the utilization of minority and business enterprises. Any increase in the

Commission's costs is expected to be covered using resources currently available to the Commission.

The impact of this bill on the *contracting* costs of state agencies, political bodies, state educational institutions, the State Lottery Commission, and the State Office Building Commission is indeterminable. It is unknown whether contracted services from minority or women business enterprises are any more or less expensive than services contracted from other business enterprises.

The bill adds three members appointed by the Governor to the Governor's Commission on Minority and Women's Business Enterprises. Members of the Commission are entitled to receive a per diem (currently \$50) and to be reimbursed for travel costs. The additional costs of this provision will be determined by the number of meetings held.

*Department of Correction Contracts:* This provision could increase the Department of Administration contracting costs in so far as it may limit the number of contractors from which the Department could solicit bids for Department of Correction projects. While the specific impact of the bill on the Department's costs is indeterminable, it is expected to be minimal.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration; State Agencies; Budget Agency; Governor's Office; state educational institutions; State Lottery Commission; Department of Correction.

**Local Agencies Affected:**

**Information Sources:** Jay McQueen, Department of Administration, (317) 232-7636